- Current lease -

# DEPARTMENT OF THE AIR FORCE

## **LEASE**

TO CENTURY PARK PROPERTIES, LLC

FOR PROPERTY LOCATED ON

DAVIS MONTHAN AIR FORCE BASE TUCSON, ARIZONA

USAF-ACC-FBNV-1-06-001

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#### **PREAMBLE**

THIS LEASE ("Lease") is made between the Secretary of the Air Force ("Lessor") and Century Park Properties, LLC ("Lessee"), a Limited Liability Company existing under the laws of the State of Arizona. The Lessor and Lessee may be referred to jointly as the "Parties," and each separately may be referred to as a "Party." For purposes of this Lease, Lessor includes the Department of the Air Force and the United States. The Secretary of the Air Force, under the authority contained in 10 U.S.C. § 2667, has determined that the property hereby leased is not currently needed for the national defense and leasing such property will be advantageous to the United States and in the public interest. The Secretary of the Air Force, for the consideration set out below, hereby leases to Lessee certain premises and property on Davis –Monthan Air Force Base, hereinafter referred to as the "Installation", and more particularly described in EXHIBIT A hereto and shown on EXHIBIT B hereto ("Premises").

THIS LEASE is granted subject to the following conditions:

# 1. TERM

1.0. This Lease shall be for a term of 5 years, beginning on 1 Jan 2006 and ending on 31 December 2011, and shall expire without further notice unless sooner terminated in accordance with the provisions of this Lease.

# 2. OTHER USES, EASEMENTS, AND RIGHTS-OF-WAY

- 2.1. This Lease is subject to all outstanding uses, easements, and rights-of-way ("outgrants") for any purpose with respect to the Premises. The Lessor shall have the right to grant additional outgrants with respect to the Premises. However, any such additional outgrant shall not be inconsistent with the Lessee's use of the Premises under this Lease.
- 2.2. The holders of such outgrants, present or future, shall have reasonable rights of ingress and egress over the Premises in order to carry out the purpose of the outgrant, provided, however, any such rights shall not be exercised inconsistent with the Lessee's rights and use of the Premises under this Lease. These rights may also be exercised by workers engaged in the construction, installation, maintenance, operation, repair, or replacement of facilities located on the outgrants and by any Federal, State, or local official engaged in the official inspection thereof.

#### 3. CONDITION OF PREMISES

- 3.1. The Lessee has inspected, knows, and accepts the condition and state of repair of the Premises. It is understood and agreed that they are leased in an "as is, where is" condition without any representation or warranty by the Lessor concerning their condition and without obligation on the part of the Lessor to make any alterations, repairs, or additions. Except as provided elsewhere in this Lease, the Lessor shall not be liable for any latent or patent defects in the Premises. The Lessee acknowledges that the Lessor has made no representation or warranty concerning the condition and state of repair of the Premises nor any agreement or promise to alter, improve, adapt, or repair them which has not been fully set forth in this Lease.
- 3.2. Prior to the Term Beginning Date, the following reports will be prepared by the Lessor and attached as exhibits:

- 3.2.1. A physical condition report ("PCR"), which may incorporate a videotape by reference, signed by representatives of the Lessor and the Lessoe as EXHIBIT C. The PCR sets forth the agreed physical appearance and condition of the Premises on the Term Beginning Date as determined from a joint inspection of them by the Parties. Combined with EBS-Exhibit C
- 3.2.2. A combined Physical Condition Report (PCR) and environmental condition report ("ECR"), signed by representatives of the Lessor and the Lessee, as EXHIBIT C.

  The PCR and ECR sets forth those environmental conditions and matters on and affecting the Premises on the Term Beginning Date, as determined from the records and analyses reflected therein.
- 3.3. At the expiration or earlier termination or revocation of the Lease, the following reports will be prepared by the Lessor and attached as exhibits and made a part of this Lease within ten (10) business days after the Lessee vacates the Premises:
- 3.3.1. An update of the PCR, signed by representatives of the Lessor and the Lessee as EXHIBIT C-1. The update of the PCR will set forth the agreed physical appearance and condition of the Premises on the ending date of the Lease as determined from a joint inspection of them by the Parties.
- 3.3.2. An update of the combined PCR and ECR, signed by representatives of the Lessor and the Lessee, as **EXHIBIT C**. The update of the ECR will set forth those environmental conditions and matters on and affecting the Premises on the ending date of the Lease as determined from the records and analyses reflected therein.

#### 4. RENT

- 4.1. The Lessee shall pay to the Lessor rent in the amount of \$2,750 per annum, in advance on or before the first day of the calendar year, commencing on the Term Beginning Date, and in a single lump sum. The first payment shall be pro rata from the Term Beginning Date to the end of that calendar year.
- 4.2. Rent and any other payments due under the terms of this lease must be paid on or before the date they are due. Failure to pay on or before such date or dates will result in imposition of an interest charge, administrative charge, and a penalty charge for debts or portions of debts more than ninety (90) days past due, in accordance with the provisions of the Debt Collection Act of 1982, 31 U.S.C. § 3717. The requirements of the Debt Collection Act will be applied in accordance with applicable federal regulations.
- 4.3. The Lessee shall pay to the Lessor on demand any sum which may have to be expended after the expiration or termination of this Lease in restoring the Premises to the condition required by Condition 9.
- 4.4. The Lessee also shall provide as consideration protection and maintenance of the Premises in accordance with the Lease and usual Lessor standards or as otherwise expressly directed by the Installation Commander, or his duly authorized representative, hereinafter referred to as "said officer". The said officer may, from time to time, delegate certain of his functions to other officers and employees of the United States. To the extent of such delegation, the other officer or employee shall act in the place of said officer.
- 4.5. All payments which may be due under this Lease shall be made payable to the Treasurer of the United States and forwarded by the Lessee direct to

Davis Monthan Air Force Base Jan Di Maria Realty Officer 355<sup>th</sup> Civil Engineering Squadron 3791 S Third Street

Davis Monthan AFB Arizona 85707-3844

DFAS-L1/FPB 27 Arkansas Rd Limeston, ME 04751-1500

#### 5. OTHER AGREEMENTS

5.1. The Support Agreement attached hereto as EXHIBIT E is incorporated into this

Lease by reference. In the event of any amendment of the Support Agreement, the amended

Support Agreement will be deemed to be incorporated into this Lease in lieu of the existing one.

In the event of any inconsistency between any provisions of the Support Agreement, as it

presently exists or may be amended in the future, and any provisions of this Lease, the provisions

of this Lease will control. There is no support agreement tied to this Lease.

5.2. In the event that Lessor terminates its operations to the point that it can no longer provide reimbursable support to Lessee under the Support Agreement, Lessee shall have a right of first refusal to continue to operate at its own expense those facilities and services, including provision of utility services, necessary to continue its operations under this Lease. In such event, Lessor and Lessee will renegotiate this Lease to include those facilities necessary to allow continued operation of Lessee's facilities.

### 6. USE OF PREMISES

6.0. The purposes for which the Premises and any improvements thereon may be used, in the absence of prior written approval of the Lessor for any other use, is for the operation, maintenance, repair and rehabilitation, as necessary to sustain the Lessee's use of the subject

property as a railroad spur providing rail access and serving the Lessee's Century Industrial Park. This use is not assignable to others.

# 7. DEFAULT AND TERMINATION

- 7.1. The following shall constitute a default and breach of this Lease by the Lessee: The failure to comply with any provision of this Lease, where such failure to comply continues for twenty (20) days after delivery of written notice thereof by the Lessor to the Lessee. If, however, the time required to return to compliance exceeds the twenty (20) day period, the Lessee shall not be deemed to be in default if the Lessee within such period shall begin the actions necessary to bring it into compliance with the Lease in accordance with a compliance schedule acceptable to the Lessor.
- 7.2. No default or breach shall be deemed to have occurred for any period of time during which the Parties are attempting to resolve a dispute, pursuant to the procedures provided for in Condition 22, in relation to the actions or inaction's which are the subject of the alleged default or breach. If, pursuant to dispute resolution, the default or breach is determined to have occurred, the Lessee's period for cure shall not begin until the day after the final decision on the dispute is issued.
- 7.3. This Lease may be terminated as provided in this Condition 7.3. No money or other consideration paid by the Lessee or which may be due up to the effective date of termination will be refunded or waived, as the case may be. The Lessee agrees that, except as provided in Condition 7.1, the Lessor need not state a reason for termination of the lease. The Lessee waives any claims or suits against the Lessor arising out of any termination of the Lease. In the event of any default and breach of the Lease by the Lessee as described in Condition 7.1, the Deputy

Assistant Secretary of the Air Force (Installations) may, subject to the dispute resolution provision in Condition 7.2, terminate this Lease at any time after expiration of the cure period provided for in Condition 7.1. The termination notice shall be effective as of a day to be specified therein, which shall be at least seven (7) but not more than sixty (60) days after its receipt by the Lessee.

#### 8. TAXES

8.0. The Lessee shall pay to the proper authority, when and as the same become due and payable, all taxes, assessments, and similar charges which, at any time during the term of this Lease may be imposed upon the Lessee with respect to the Premises. The consent of Congress to State and local taxation of the Lessee's interest in the Premises, whether or not the Premises are in an area of exclusive Federal jurisdiction, is contained in 10 U.S.C. § 2667(e). Should Congress consent to taxation of the Lessor's interest in the property, this Lease shall be renegotiated with respect to allocating liability for payment of any such taxation.

# 9. SURRENDER OF PREMISES

9.0. The Lessee shall vacate and surrender the Premises to the Lessor on or before the date of expiration of the Lease, or its earlier termination hereunder. The Lessee shall remove its property from the Premises and restore them to as good order and condition, reasonable wear and tear and damage beyond the control of the Lessee excepted, as that existing on the Term Beginning Date, subject to Condition 17 below. If the Lessee shall fail or neglect to remove its property, then, at the sole option of the Lessor, the property shall either become the property of

the United States without compensation therefor, or the Lessor may cause it to be removed and the Premises to be so restored at the expense of the Lessee, and no claim for damages against the United States or its officers, employees, or agents shall be created by or made on account of such removal and restoration work. Restoration by Lessee shall not include any requirement to replace Lessor's facilities demolished by consent of Lessor to make way for construction of Lessee's facilities.

#### 10. Environmental Protection

- 10.1. The Lessee shall at all times promptly comply at its sole cost and expense with all Federal, State, interstate, and local laws, regulations, and standards relating to the regulation and protection of human health, safety, and the environment that are or may become applicable to Lessee's activities. Such regulations include applicable Air Force Instructions.
- 10.2. The Lessee shall be solely responsible for obtaining at its cost and expense any environmental permits required for its operations under the Lease, independent of any existing permits held by the Lessor.
- 10.3. The Lessee shall, to the extent permitted under applicable law, indemnify, save, and hold harmless the Lessor from any damages, costs, expenses, liabilities, fines, or penalties resulting from releases, discharges, emissions, spills, storage, disposal, or any other acts or omissions by the Lessee, its officers, agents, employees, contractors, or the invitees of any of them, that occur on or after the Term Beginning Date, giving rise to Lessor liability, civil or criminal, or responsibility under Federal, State, interstate, or local environmental laws. This Condition shall survive the expiration or termination of the Lease, and the Lessee's obligations hereunder shall apply whenever the Lessor incurs costs or liabilities for the Lessee's actions of

the types described in this Condition 10. The Lessor shall give the Lessee notice of any claim against it covered by this indemnity as soon after learning of it as practicable.

- 10.4. The Lessor's rights under this Lease specifically include the right for Lessor officials to inspect upon reasonable notice the Premises for compliance with environmental, safety, and occupational health laws and regulations, whether or not the Lessor is responsible for enforcing them. Such inspections are without prejudice to the right of duly constituted enforcement officials to make such inspections. The Lessor normally will give the Lessee twenty-four (24) hours prior notice of its intention to enter the Premises unless it determines the entry is required for safety, environmental, operations, or security purposes. The Lessee shall have no claim against the United States or any officer, agent, employee, or contractor thereof on account of any such entries.
- 10.5. The Lessor is not responsible for any removal or containment of asbestos. If the Lessee intends to make any alterations that require the removal of asbestos, an appropriate asbestos disposal plan must be incorporated in the Alterations Plan and/or Utility Designs to be submitted to the said officer under Condition 17. The asbestos disposal plan will identify the proposed disposal site for the asbestos.
- 10.6. Notwithstanding any other provision of the Lease, the Lessee does not assume any liability or responsibility for environmental impacts and damage caused by the Lessor's use of toxic or hazardous wastes, substances, or materials, or by any events, conditions, or acts attributable to the operations or activities of the Lessor (or any of its officers, employees, agents, contractors, subcontractors, or licensees). The Lessee has no obligation to indemnify or to undertake the defense of any claim, demand or action, whether in existence now or brought in the future, arising out of the presence of any toxic or hazardous wastes, substances or materials

(whether or not such wastes, substances or materials are referenced in Exhibit G) at, on or under the Premises prior to the Term Beginning Date. In the event contaminants of the same composition located in the same area of contamination are attributable to both the operations or activities of the Lessor and the operations or activities of the Lessee occurring on or after the Term Beginning Date, responsibility for the contribution of each Party to the cost of any resulting actions necessary to address the contamination as required by applicable laws or regulations shall be based on the portion of the contamination attributable to the operations or activities of such Party.

- 10.7. The Lessee expressly acknowledges that it fully understands that some or all of the response actions to be undertaken with respect to the Federal Facility Agreement (FFA) or the Installation Restoration Program ("IRP") may impact Lessee's quiet use and enjoyment of the Premises. The Lessee agrees that notwithstanding any other provision of the Lease, the Lessor assumes no liability to the Lessee should implementation of the FFA, the IRP, or other hazardous waste cleanup requirements, whether imposed by law, regulatory agencies, the Lessor, or the Department of Defense, interfere with the Lessee's use of the Premises. The Lessee shall have no claim against the United States or any officer, agent, employee, or contractor thereof on account of any such interference, whether due to entry, performance of remedial or removal investigations, or exercise of any right with respect to the FFA or the IRP or under this Lease or otherwise.
- 10.8. The Lessee agrees to comply with the provisions of any health or safety plan in effect under the IRP or any hazardous substance remediation or response agreement with environmental regulatory authorities during the course of any of the above described response or remedial actions. Any inspection, survey, investigation, or other response or remedial action

will, to the extent practicable, be coordinated with representatives designated by the Lessee. The Lessee and its invitees shall have no claim on account of such entries against the United States or any officer, agent, employee, or contractor thereof.

- 10.9. The Lessee shall not bring upon, store, nor treat any hazardous or toxic materials, wastes, or substances on the Installation; provided, however, Lessee may store hazardous materials on the installation in furtherance of the purposes of this Lease with the prior written consent of said officer. The Lessee shall not treat, store, nor dispose of any hazardous waste under, pursuant to, or in reliance upon any permit issued to the Lessor.
- 10.10. The Lessee must maintain and make available to the Lessor all records, inspection logs, and manifests that track the generation, handling, storage, treatment, and disposal of hazardous waste, as well as all other records required by applicable laws and requirements relating to the regulation and protection of human health, safety, and the environment. The Lessor reserves the right, as provided under Condition 13, to inspect the Premises and Lessee records for compliance with Federal, State, interstate, and local laws, regulations, and other requirements relating to the generation, handling, storage, treatment, and disposal of hazardous waste, as well as to the discharge or release of hazardous substances. Violations will be reported by the Lessor to appropriate regulatory agencies, as required by applicable law. The Lessee will be liable for the payment of any fines and penalties which may accrue as a result of the actions of Lessee.
- 10.11. The Lessee shall have a completed and approved plan prior to commencement of operations on the Premises for responding to hazardous material, fuel, and other chemical spills. Such plan shall comply with all applicable requirements and shall be updated from time to time as may be required to comply with changes in site conditions or applicable requirements and

shall be approved by all agencies having regulatory jurisdiction over such plan, if agency approvals are required by applicable laws or regulations. The plan shall be independent of Lessor spill prevention and response plans. The Lessee shall not rely on use of Installation personnel or equipment in execution of its plan, except as may be agreed to in the Support Agreement. The Lessee shall file a copy of the plan and any amendments thereto with the said officer within fifteen (15) days of approval. Notwithstanding the foregoing, should the Lessor provide any personnel or equipment, whether for initial fire response and/or spill containment or otherwise on request of the Lessee, or because the Lessee was not, in the opinion of the Lessor, conducting timely cleanup actions, the Lessee agrees to reimburse the Lessor for its costs in accordance with all applicable laws and regulations.

- 10.12. Lessor's hazardous waste storage facilities will not be available to the Lessee.
- 10.13. Lessor 's accumulation points for hazardous and other wastes will not be used by the Lessee. Lessee will not permit its hazardous waste to be commingled with hazardous waste of the Lessor.
- 10.14. The Lessee shall not discharge or allow the discharge of any dredged or fill material into any waters or wetlands on the Premises except in compliance with Condition 24 and with the express written consent of the said officer.
- 10.15. The Lessee acknowledges receipt under separate cover of the Environmental Baseline Survey ("EBS") for the Premises, dated September 2005..
- 10.16. Prior to the storage, mixing, or application of any pesticide, as that term is defined under the Federal Insecticide, Fungicide, and Rodenticide Act, the Lessee shall prepare a plan for storage, mixing, and application of pesticides ("Pesticide Management Plan"). The Pesticide

Management Plan shall meet all applicable Federal, State, interstate, and local pesticide requirements.

10.17. The Lessee shall comply with all requirements of the Federal Water Pollution

Control Act, the National Pollutant Discharge Elimination System ("NPDES"), and any
applicable State or local requirements. If the Lessee discharges wastewater other than domestic
sewage to a publicly-owned treatment works, the Lessee must submit an application for its
discharge ("Pretreatment Permit Application") prior to commencing such discharge. The Lessee
will be responsible for meeting all wastewater discharge permit standards applicable to its
discharge. The Lessee will not discharge wastewater other than domestic sewage under the
authority of any NPDES permit, pretreatment permit, or any other permit issued to the
Installation. The Lessee shall make no use of any septic tank installed on the Installation, except
as may be agreed to in the Support Agreement. To the extent Lessee's facility is connected to
the Installation wastewater system, Lessee will discharge only domestic sewage into the
Installation wastewater system; such domestic sewage shall not include any hazardous wastes,
substances, or materials that would violate the Installation's permits for operation of a
wastewater treatment system.

any licensed or licensable source or byproduct materials, as those terms are defined under the Atomic Energy Act and its implementing regulations; of Lessee's intent to possess, use, or store radium; and of Lessee's intent to possess or use any equipment producing ionizing radiation and subject to specific licensing requirements or other individual regulations, at least sixty (60) days prior to the entry of such materials or equipment. Upon notification, the said officer may impose such requirements, including prohibition of possession, use, or storage, as deemed necessary to

adequately protect health and the human environment. Thereafter, the Lessee must notify the said officer of the presence of all licensed or licensable source or byproduct materials, of the presence of all radium, and of the presence of all equipment producing ionizing radiation and subject to specific licensing requirements or other individual regulation; provided, however, that the Lessee need not make either of the above notifications to the said officer with respect to source and byproduct material which is exempt from regulation under the Atomic Energy Act. The Lessee shall not, under any circumstances, use, own, possess, or allow through its actions the presence of special nuclear material on the Premises.

10.19. The Lessee further agrees that it shall provide the Lessor with prior written notice accompanied by a detailed written description of all proposals for any alterations (as defined in Condition 17.1) which may impede or impair any activities under the IRP (or the FFA if applicable) or are to be undertaken in certain areas of the Premises (There are no current areas identified as "Special Notice Areas" or areas requiring IRP or FFA action at the inception of this lease. However the Lessor reserves the right to enter the Premises for any such actions, should this become necessary- See Condition, 2,13, Preamble, and other conditions providing this as a non-exclusive use and guaranteeing rights to enter by Lessee)) identified as "Areas of Special Notice" on EXHIBIT F hereto. These Areas of Special Notice consist of either "operable units" (as defined in the National Contingency Plan) or other areas of concern because of the potential for environmental contamination and include buffer areas as shown on EXHIBIT F. The notice and accompanying written description of said proposals shall be provided to the said officer sixty (60) days in advance of the commencement of any such alterations. In addition, alterations shall not commence until Lessee has complied with the provisions of Condition 17.3. The notice shall also contain a detailed written description of the effect such planned work may

have with respect to site soil and groundwater conditions and the cleanup efforts contemplated under the IRP and the FFA.

#### 11. MAINTENANCE OF PREMISES

11.0. In regard to its activities on the Premises, the Lessee, at no expense to the Lessor, shall at all times protect, preserve, and maintain the Premises, including any improvements and Lessor-owned personal property located thereon, in good order and condition, and exercise due diligence in protecting the Premises against damage or destruction by fire and other causes, subject to the applicable provisions of Conditions 4, 15, 17, and 24. The Lessee shall comply with the provisions of Conditions 10, 17, and 24 in conducting any maintenance activities required to be performed hereunder.

#### 12. DAMAGE TO LESSOR PROPERTY

12.0. Any real or personal property of the United States damaged or destroyed by the Lessee incident to the Lessee's use and occupation of the Premises shall be promptly repaired or replaced by the Lessee to the satisfaction of the said officer. In lieu of such repair or replacement, the Lessee shall, if so required by the said officer, pay to the United States money in an amount sufficient to compensate for the loss sustained by the Lessor by reason of damage or destruction of Lessor property.

#### 13. LESSOR ACCESS AND INSPECTION

13.0. Any agency of the United States, its officers, agents, employees, invitees, and contractors, may enter upon the Premises at all times for any purposes not inconsistent with Lessee's quiet use and enjoyment of them under this Lease, including but not limited to the purpose of inspection. The Lessor normally will enter the Premises during regular business hours and give the Lessee at least twenty-four (24) hours prior notice of its intention to do so, unless it determines the entry is required for safety, environmental, operations, or security purposes. The Lessee shall have no claim on account of any entries against the United States or any officer, agent, employee, invitee, or contractor thereof.

## 14. GENERAL INDEMNIFICATION BY LESSEE

- 14.1. The United States shall not be responsible for damages to property or injuries or death to persons which may arise from or be attributable or incident to the condition or state of repair of the Premises, or the use and occupation of them, or for damages to the property of the Lessee, or for damages to the property or injuries or death to the person of the Lessee's officers, agents, servants, or employees, or others who may be on the Premises at their invitation or the invitation of any one of them.
- 14.2. The Lessee agrees to assume all risks of loss or damage to property and injury, or death to persons by reason of or incident to the possession and/or use of the Premises, or the activities conducted by the Lessee under this Lease. The Lessee expressly waives all claims against the Lessor for any such loss, damage, personal injury, or death caused by or occurring as a consequence of such possession and/or use of the Premises or the conduct of activities or the performance of responsibilities under this Lease. The Lessee further agrees to the extent permitted by applicable law to indemnify, save, and hold harmless the Lessor, its officers,

agents, and employees, from and against all suits, claims, demands, actions, liabilities, judgments, costs, and attorneys' fees arising out of, or in any manner predicated upon, personal injury, death, or property damage resulting from, related to, caused by, or arising out of the possession and/or use of the Premises or any activities conducted or services furnished in connection with or pursuant to this Lease. The agreements contained in this Condition 14 do not extend to claims for damages to the extent caused by the gross negligence or willful misconduct of officers, agents, or employees of the United States, without contributory fault on the part of any person, firm, or corporation. The Lessor will give the Lessee notice of any claim against it covered by this indemnity as soon after learning of it as practicable.

#### 15. Insurance

- 15.1. The Lessee shall in any event and without prejudice to any other rights of the Lessor bear all risk of loss or damage or destruction to the Premises, including any buildings, improvements, fixtures, or other property thereon, arising from any causes whatsoever, with or without fault by the Lessor but exclusive of force majeure.
- 15.2. During the entire period this Lease shall be in effect, the Lessee, at no expense to the Lessor, will carry and maintain:
- 15.2.1. Property insurance coverage against loss or damage by fire and lightning and against loss or damage or other risks embraced by coverage of the type now known as the broad form of extended coverage (including but not limited to riot, civil commotion, vandalism, and malicious mischief) in an amount not less than One Hundred Percent (100%) of the full replacement value of the Lessor's buildings, building improvements, improvements to the land, and personal property on the Premises, if any. The policies of insurance carried in accordance

with this Condition shall contain a "Replacement Cost Endorsement." Such full replacement cost shall be determined from time to time, upon the written request of the Lessor or the Lessee, but not more frequently than once in any twenty-four (24) consecutive calendar month period (except in the event of substantial changes or alterations to the Premises undertaken by the Lessee as permitted under the provisions of the Lease). Notwithstanding this Condition 15.2.1, Lessee may maintain a reasonable deductible that is customary for the size of the Lessee and its parent company.

against claims for "personal injury," including without limitation, bodily injury, death, or property damage, occurring upon, in, or about the Premises including any buildings thereon and adjoining sidewalks, streets, passageways, or other parts of the Premises used by Lessee, such insurance to afford immediate minimum protection at the time of the Term Beginning Date, and at all times during the term of this Lease, with limits of liability in amounts approved from time to time by the Lessor, but not less than TEN MILLION DOLLARS (\$10,000,000) in the event of bodily injury and death to any one or more persons in one accident, and not less than THREE MILLION DOLLARS (\$3,000,000) for property damage. Such insurance shall also include coverage against liability for bodily injury or property damage arising out of the acts or omissions by or on behalf of any other person or organization, or involving any owned, non-owned, leased, or hired automotive equipment in connection with the Lessee's activities.

15.2.3. If and to the extent required by law, workers' compensation and employer's liability or similar insurance in form and amounts required by law.

- 15.3. During the entire period this Lease shall be in effect, the Lessee shall either carry and maintain the insurance required below at its expense or require any contractor performing work on the Premises to carry and maintain at no expense to the Lessor:
- 15.3.1. The broad form of extended coverage insurance provided for in subparagraph 15.2.1 above shall be maintained for the limits specified thereunder and shall provide coverage for the mutual benefit of the Lessor as a loss payee as its interests may appear in connection with any construction or work permitted pursuant to this Lease;
- 15.3.2. Fire and any other applicable insurance provided for in this Condition 15 which, if not then covered under the provisions of existing policies, shall be covered by special endorsement thereto in respect to any alterations (as defined below in Condition 17), including all materials and equipment therefor incorporated in, on, or about the Premises (including excavations, foundations, and footings) under a broad form all risks builder's risk completed value form or equivalent thereof; and,
- 15.3.3. Workers' compensation or similar insurance covering all persons employed in connection with the work and with respect to whom death or bodily injury claims could be asserted against the Lessor, the Lessee, or the Premises, in form and amounts required by law.
- 15.4. All policies of insurance which this Lease requires the Lessee to carry and maintain or cause to be carried or maintained pursuant to this Condition 15 shall be effected under valid and enforceable policies, in such forms and amounts as may, from time to time, be required under this Lease, issued by insurers of recognized responsibility. All such policies of insurance shall be for the mutual benefit of the Lessor as additional insureds. Each such policy shall provide that any losses shall be payable notwithstanding any act or failure to act or negligence of

the Lessee or the Lessor or any other person; provide that no cancellation, reduction in amount, or material change in coverage thereof shall be effective until at least sixty (60) days after receipt by the Lessor of written notice thereof; provide that the insurer shall have no right of subrogation against the Lessor; and be reasonably satisfactory to the Lessor in all other respects. In no circumstances will the Lessee be entitled to assign to any third party rights of action which the Lessee may have against the Lessor. Notwithstanding the foregoing, any cancellation of insurance coverage based on nonpayment of the premium shall be effective upon ten (10) days' written notice to the Lessor. The Lessee understands and agrees that cancellation of any insurance coverage required to be carried and maintained by the Lessee under this Condition 15 will constitute a failure to comply with the terms of the Lease, and the Lessor shall have the right to terminate the Lease pursuant to Condition 7 upon receipt of any such cancellation notice, but only if the Lessee fails to cure such noncompliance to the extent allowed under Condition 7.

- 15.5. The Lessee shall deliver or cause to be delivered upon execution of this Lease (and thereafter not less than fifteen (15) days prior to the expiration date of each policy furnished pursuant to this Condition 15) to said officer a certificate of insurance evidencing the insurance required by this Lease.
- 15.6. In the event that any item or part of the Premises shall be damaged or destroyed, the risk of which is assumed by the Lessee under Condition 15.1 above ("damaged or destroyed property"), the Lessee shall promptly give notice thereof to the Lessor. The Lessee shall as scon as practicable after the casualty restore damaged or destroyed property as nearly as possible to the condition which existed immediately prior to such loss or damage, subject to Condition 9 above. All repair and restoration work under this Condition shall comply with the provisions of

Conditions 10, 17, and 24 applicable to alterations and any other work subject to the notice and approval requirements imposed by Conditions 10.19 and 17.3.

# 16. COMPLIANCE WITH APPLICABLE LAWS

- 16.1. The Lessee shall at all times during the existence of this Lease promptly observe and comply, at its sole cost and expense, with the provisions of all applicable Federal, State, interstate, and local laws, regulations, and standards, and in particular those provisions concerning the protection of the environment and pollution control and abatement and occupational safety and health.
- 16.2. The Lessee shall comply with all applicable State and local laws, ordinances, and regulations with regard to construction, sanitation, licenses, or permits to do business, and all other matters. The Lessee shall be responsible for determining whether it is subject to local building codes or building permit requirements, and for compliance with them to the extent they are applicable.
- 16.3. Nothing in this Lease shall be construed to constitute a waiver of Federal Supremacy or Federal or State sovereign immunity.
- 16.4. Responsibility for compliance as specified in this Condition 16 rests exclusively with the Lessee. The Department of the Air Force assumes no enforcement or supervisory responsibility except with respect to matters committed to its jurisdiction and authority. The Lessee shall be liable for all costs associated with compliance, defense of enforcement actions or suits, payment of fines, penalties, or other sanctions, and remedial costs to the extent related to Lessee's use of the Premises.

16.5. The Lessee shall have the right to contest by appropriate proceedings diligently conducted in good faith, without cost or expense to the Lessor, the validity or application of any law, ordinance, order, rule, regulation, or requirement of the nature referred to in this Condition 16. The Lessor shall not be required to join in or assist the Lessee in any such proceedings.

#### 17. CONSTRUCTION AND ALTERATIONS

- 17.1. The Lessee shall not place, construct, or make any substantial improvements, structures, alterations, or additions to, or installations upon, or otherwise modify or alter the Premises in any substantial way without the prior written consent of the Lessor. (All of the activities in the preceding sentence shall be referred to cumulatively as "alterations".)
- 17.1.1. Lessor consent to alterations may include a requirement to provide the Lessor with a performance and payment bond satisfactory to the Lessor in all respects and other requirements deemed necessary to protect the interests of the Lessor. For alterations in the proximity of operable units that are part of the IRP, such consent may include a requirement for written approval by the Lessor's Remedial Project Manager.
- 17.1.2. Except as provided herein or as the Lessor's written consent shall expressly provide otherwise, all approved alterations shall become Lessor property when annexed to the Premises.
- 17.2. All plans for alterations pursuant to Condition 17.1 above ("Alterations Plans") must comply with the provisions of Conditions 10 and 24 and be approved in writing by the said officer before the commencement of any construction project. In addition, the designs for all Lessee connections to the Installation utilities ("Utility Designs") will comply with applicable State or local construction standards or in the absence of any, with Department of Defense/Air

Force ("DoD/AF") construction standards and be subject to review and approval by the said officer. DoD/AF construction standards are available through the said officer. The Lessee will submit any Alterations Plans and Utility Designs to the said officer for approval. Any additional information needed by the Lessor to complete its review will be provided promptly by the Lessee upon receipt of any such Lessor request.

- 17.3. The Lessor review process for a demolition or construction project or a utility connection will normally be completed within thirty (30) days of receipt of all plans and specifications required by the said officer for its review. In the event problems are detected during the review, immediate notice will be provided by telephone to the Lessee or its representative designated in writing for the purpose. Approval will not be unreasonably withheld or delayed.
- 17.4. All alterations shall be in accordance with the approved Alterations Plans and Utility Designs and without cost to the Lessor. The Lessee shall not proceed with excavating, demolition, or construction until it receives written notice from the said officer that the Alteration Plans and/or Utility Designs are acceptable to the Lessor. The Lessee shall allow no disposal of excavation, demolition, or construction materials except in approved areas and with the express written consent of the said officer.
- 17.5. All matters of ingress, egress, contractor haul routes, or other access on or across the Installation not included in this Lease shall be coordinated with the said officer. All excavating, demolition, and construction activity shall be accomplished during periods (including hours of the day) acceptable to the said officer.
- 17.6. The said officer is authorized to grant approvals and consents under this Condition 17.

#### 18. UTILITIES AND SERVICES

- 18.1. The Lessee will be responsible for all utilities, janitorial services, building maintenance, and grounds maintenance for the Premises without cost to the Lessor. Utility services will be provided through meters, if possible. The Lessee will purchase, install, and maintain all such meters at its own cost and without cost and expense to the Lessor. The Lessee will pay the charges for any utilities and services furnished by the Lessor which the Lessee may require in connection with its use of the Premises. The charges and the method of payment for each utility or service will be determined by the appropriate supplier of the utility or service in accordance with applicable laws and regulations, on such basis as the appropriate supplier of the utility or service may establish. It is expressly understood and agreed that the Lessor in no way warrants the continued maintenance or adequacy of any utilities or services furnished by it to the Lessee.
- **18.2.** Any purchase from the Lessor of utility services are subject to Conditions 18.2.1 and 18.2.2 below.
- 18.2.1. The sale of any utility service by the Lessor will be in accordance with 10 U.S.C. § 2686 and Air Force Instruction 32-1061, as it may be amended from time to time, or any successor regulation or instruction.
- 18.2.2. The Lessee agrees to enter into a support agreement or a separate contract for each utility service procured under this Condition 18 at rates to be specified in such Support Agreement or each such contract, but otherwise not inconsistent with this Lease.

#### 19. NOTICES

19.1. Whenever the Lessor or the Lessee shall desire to give or serve upon the other any notice, demand, order, direction, determination, requirement, consent, approval, request, or other communication with respect to this Lease or with respect to the Premises, each such notice, demand, order, direction, determination, requirement, consent, approval, request, or other communication shall be in writing and shall not be effective for any purpose unless same shall be given or served by personal delivery to the other Party or by mailing the same to the other Party by certified mail, postage prepaid, return receipt requested, addressed as follows:

If to the Lessee:

Alan Levin Century Park Properties LLC 6992 South Memorial Place Tucson, AZ 85706

If to the Lessor:

Davis Monthan Air Force Base Jan Di Maria Realty Officer 355<sup>th</sup> Civil Engineering Squadron 3791 S Third Street Davis Monthan AFB Arizona 85707-3844

or at such other address or addresses as the Lessor or the Lessee may from time to time designate by notice given by certified mail.

19.2. Every notice, demand, order, direction, determination, requirement, consent, approval, request, or communication hereunder sent by mail shall be deemed to have been given or served as of the third business day following the date of such mailing.

## 20. TRANSFERS

- 20.1. Lessee shall not transfer, permit, license, assign, lease, or dispose of in any way, including, but not limited to, voluntary or involuntary sale, merger, consolidation, receivership, or other means (all referred to in this Condition 20 as "transfer"), this Lease or any interest therein or any property on the Premises, or otherwise create any interest therein, without the prior written consent of said officer. Such consent shall not be unreasonably withheld or delayed, subject to the provisions of Conditions 20.2 through 20.4.
- 20.2. Any transfer by Lessee shall be subject to all of the terms and conditions of this

  Lease and shall terminate immediately upon the expiration or any earlier termination of this

  Lease, without any liability on the part of Lessor to Lessee or any transferee. Under any transfer

  made, with or without consent, the transferee shall be deemed to have assumed all of the

  obligations of Lessee under this Lease. No transfer shall relieve Lessee of any of its obligations

  hereunder, except, in the case of an assignment, if Lessor explicitly agrees to relieve Lessee of its

  obligations hereunder; provided, however, that in the case of an assignment, Lessor may, in its

  sole discretion, withhold consent to the assignment.
- 20.3. Lessee shall furnish said officer, for his prior written consent, a copy of each transfer Lessee proposes to execute. Such consent by said officer may include the requirement to delete, add, or change provisions in the transfer instrument as Lessor shall deem necessary to protect its interests. Consent to or rejection of any transfer shall not be taken or construed to alter, diminish, or enlarge any of the rights or obligations of either of the Parties under this Lease, nor form a basis for any cause of action against or liability of Lessor.
- 20.4. Any transfer instrument must expressly provide that—(1) the transfer and transfere are subject to all of the terms and conditions of this Lease; (2) the transfer shall

terminate with the expiration or earlier termination of this Lease; and (3) in case of any conflict between this Lease and the transfer instrument, this Lease shall control. A copy of this Lease must be attached to the transfer instrument. Subject to the consent of the Lessor under this Condition 20, a transfer may provide that the transferee may cure a breach or default of the Lessee under Condition 7.

#### 21. RESERVED

### 22. DISPUTES

22.1. Except as otherwise provided in this Lease, any dispute concerning a question of fact arising under this Lease which is not disposed of by agreement shall be decided by the said officer. The said officer shall reduce the decision to writing and mail or otherwise furnish a copy to the Lessee. The decision of the said officer shall be final and conclusive unless, within thirty (30) days from the date of receipt of such copy, the Lessee mails or otherwise furnishes to the said officer a written appeal addressed to the Secretary of the Air Force. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal proceeding under this Condition, the Lessee shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Lessee shall proceed diligently with the performance of the Lease in accordance with the decision of the said officer.

22.2. This Condition does not preclude consideration of questions of law in connection with decisions provided for in Condition 22.1 above. Nothing in this Condition, however, shall be construed as making final the decision of any administrative official, representative, or board on a question of law.

#### 23. GENERAL PROVISIONS

- 23.1. Covenant against Contingent Fees. The Lessee warrants that no person or agency has been employed or retained to solicit or secure this Lease upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial agencies maintained by the Lessee for the purpose of securing business. For breach or violation of this warranty, the Lessor shall have the right to annul this Lease without liability or in its discretion to require the Lessee to pay, in addition to the lease rental or consideration, the full amount of such commission, percentage, brokerage, or contingent fee.
- 23.2. Officials Not to Benefit. No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this Lease or to any benefit to arise therefrom, but this provision shall not be construed to extend to this Lease if made with a corporation for its general benefit.

#### 23.3. Non-Discrimination.

23.3.1. As used in this Condition, the term "facility" means lodgings, stores, shops, restaurants, cafeterias, restrooms, and any other facility of a public nature in any building covered by, or built on land covered by, this Lease.

23.3.2. The Lessee agrees not to discriminate against any person because of race, color, religion, sex, or national origin in furnishing or refusing to furnish to such person the use of any facility, including all services, privileges, accommodations, and activities provided on the Premises except as required by applicable law. This does not require the furnishing to the general public the use of any facility customarily furnished by the Lessee solely to tenants or to Air Force military and civilian personnel, and the guests and invitees of any of them.

23.4. Gratuities. The Lessor may, by written notice to the Lessee, terminate this Lease if it is found after notice and hearing, by the Secretary of the Air Force, or his duly authorized representative, that gratuities in the form of entertainment, gifts, or otherwise, were offered or given by the Lessee, or any agent or representative of the Lessee, to any officer or employee of the Lessor with a view toward securing an agreement or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect to the performing of such agreement; provided that the existence of the facts upon which the Secretary of the Air Force or his duly authorized representative makes such finding, shall be an issue and may be reviewed in any competent court. In the event this Lease is so terminated, the Lessor shall be entitled to pursue the same remedies against the Lessee as it could pursue in the event of a breach of the Lease by the Lessee, and as a penalty in addition to any other damages to which it may be entitled by law, to exemplary damages in an amount as determined by the Secretary of the Air Force or his duly authorized representative which shall be not less than three nor more than ten times the costs incurred by the Lessee in providing any such gratuities to any such officer to employee. The rights and remedies of the Lessor provided in this article shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Lease.

- 23.5. No Joint Venture. Nothing contained in this Lease will make, or will be construed to make, the Parties hereto partners or joint venturers with each other, it being understood and agreed that the only relationship between the Lessor and the Lessee is that of landlord and tenant. Neither will anything in this Lease render, or be construed to render, either of the Parties hereto liable to any third Party for debts or obligations of the other party hereto.
- 23.6. Records and Books of Account. The Lessee agrees that the Comptroller General of the United States or the Auditor General of the United States or the Auditor General of the United States Air Force or any of their duly authorized representatives shall, until the expiration of three (3) years after the expiration or earlier termination of this Lease, have access to and the right to examine any directly pertinent books, documents, papers, and records of the Lessee involving transactions related to this Lease.
- 23.7. Failure of Lessor to Insist on Compliance. The failure of the United States to insist in any one or more instances, upon strict performance of any of the terms, covenants, or Conditions of this Lease shall not be construed as a waiver or a relinquishment of the Lessor's rights to the future performance of any such terms, covenants, or conditions, but the obligations of the Lessee with respect to such future performance shall continue in full force and effect.
- 23.8. Headings or Titles. The brief headings or titles preceding each condition are merely for purposes of identification, convenience, and ease of reference, and will be completely disregarded in the construction of this Lease.
- 23.9. Personal Pronouns. All personal pronouns used in the Lease, whether used in the masculine, feminine, or neuter gender, will include all other genders.
- 23.10. Entire Agreement. It is expressly agreed that this written instrument embodies the entire agreement between the Parties regarding the use of the Premises by the Lessee, and there

are no understandings or agreements, verbal or otherwise, between the Parties except as expressly set forth herein. This instrument may only be modified or amended by mutual agreement of the Parties in writing and signed by each of the Parties' duly authorized representatives.

## 24. RESTRICTIONS ON USE OF PREMISES

- 24.1. The Lessee shall not install any new drinking water or other wells in any location on the Premises without the prior written approval of the Lessor.
- 24.2. The Lessee shall not conduct any subsurface excavating, digging, drilling, or other disturbance of the surface in Areas of Special Notice as shown on **Exhibit F** hereto without the provision of notice to and prior written approval of the Lessor in accordance with Condition 17. Requests for such approval will be made in accordance with Condition 17. **EXHIBIT F** may be updated from time to time as appropriate. The Lessee will be provided a copy of the updated **EXHIBIT F** promptly after completion of each update. At this point there are no areas of Special Concern within the Leased Area (Premises) and No Exhibit F at lease inception. (Jan 2006), However Lessor reserves the right to amend said lease to include "Exhibit F" if necessary.
- **24.3.** Prior to beginning any alterations, the Lessee shall determine whether asbestos is present.
- 24.4. The Lessee acknowledges that lead-based paint may be present in and on facilities and equipment within the leased area. The Lessor may conduct surveys to determine the existence and extent of any possible lead-based paint. The Lessee will be notified if the Lessor determines there is lead-based paint in or on the leased facilities or equipment. Prior to beginning any alterations, the Lessee must test any paint which would be disturbed unless a

conclusive determination has been made that lead-based paint is not present. If the paint is lead-based, the Lessee is required to handle it in accordance with all applicable Federal, State, interstate, and local laws and regulations at its own expense. The Lessee is required to ensure that any lead-based paint is otherwise maintained in good condition.

- 24.5. No part of the Premises, or any buildings, facility, or other improvement on them, shall be used (or allowed to be used) for residential habitation or by children under seven (7) years of age unless and until all of the requirements imposed by Part 35 of Title 24, Code of Federal Regulations, have been met by the Lessee for that property and the prior written approval of the Lessor has been obtained for such proposed use.
- 24.6. The Lessee will minimize the destruction, loss, or degradation of wetlands within the Premises. Before locating new construction in wetlands, the Lessee shall, in addition to obtaining any consents required by this Lease, contact the United States Army Corps of Engineers and obtain any required permits or waivers under Section 404 of the Clean Water Act. For purposes of this Condition, the term "new construction" includes structures, facilities, draining, dredging, channelizing, filling, diking, impounding, and related activities.

# 25. LESSOR REPRESENTATIVES AND SUCCESSORS

- 25.1. The Installation Commander has been duly authorized to enter into and amend the Support Agreement identified in Condition 5 above and to administer this Lease.
- 25.2. Except as otherwise specifically provided, any reference herein to Commander shall include the Commander's duly authorized representatives.

#### 26. AMENDMENTS

**26.0.** This Lease may be amended at any time by mutual agreement of the Parties in writing and signed by a duly authorized representative of each Party.

#### 27. LESSEE ACCESS

- 27.1. The use, operation, and occupation of the Premises shall be without cost or expense to the Department of the Air Force, and are subject to the general supervision and control of the Installation Commander.
- 27.2. In accepting the privileges and obligations established hereunder, Lessee recognizes that the Installation serves the national defense and that Lessor will not permit Lessee activities to interfere with the Installation's military mission. The Installation is an operating military installation which is closed to the public and is subject to the provisions of the Internal Security Act of 1950, 50 U.S.C. § 797. Access to the Installation is subject to the control of its commanding officer and is governed by such regulations and orders as have been lawfully promulgated or approved by the Secretary of Defense or by any designated military commander. Any access granted to Lessee, its officers, employees, contractors of any tier, agents, and invitees is subject to such regulations and orders. This Lease is subject to all regulations and orders currently promulgated or which may be promulgated by lawful authority as well as all other conditions contained in this Lease. Violation of any such regulations, orders, or conditions will constitute a breach of this Lease. Such regulations and orders may, by way of example and not by way of limitation, include restrictions on who may enter, how many may enter at any one time, when they may enter, and what areas of the Installation they may visit. Lessee is

responsible for the actions of its officers, employees, contractors of any tier, agents, and invitees while on the Installation and acting under this Lease. Lessee is responsible for the costs of complying with these regulations and orders, including, if necessary, background investigations of its employees required to obtain a security clearance.

27.3. In the event all or any portion of the Premises shall be needed by the United States or in the event the presence of Lessee's property shall be considered detrimental to governmental activities, Lessee shall, from time-to-time and upon notice to do so, and as often as so notified, remove or relocate its property to an alternative location or locations on the Premises (or substitute land of Lessor which shall then become part of the Premises) designated by said officer, and in the event Lessee's property shall not be removed or relocated within ninety (90) days after any aforesaid notice, Lessor may cause the same to be done.

#### 28. LIENS AND MORTGAGES

28.0. The Lessee shall not engage in any financing or other transaction creating any mortgage upon the Premises; place or suffer to be placed upon the Premises any lien or other encumbrance; or suffer any levy or attachment to be made on the Lessee's interest in the Premises. Any such mortgage, encumbrance, or lien shall be deemed to be a violation of this Condition and constitute a failure to comply with the terms of the Lease on the date of its execution or filing of record regardless of whether or when it is foreclosed or otherwise enforced.

# 29. NOTICE OF HAZARDOUS SUBSTANCES

29.0. EXHIBIT G hereto provides information concerning toxic or hazardous wastes, materials, and substances that have been stored for one year or more or are known to have been released or disposed of on certain portions of the Premises and the date(s) that such storage, release, or disposal took place. The Lessor shall revise EXHIBIT G and provide a copy of the revised Exhibit G to the Lessee should additional information not originally included in Exhibit G become available to the Lessor during the term of this Lease.

### 30. REPORTING TO CONGRESS

30.0. This lease is not subject to 10 U.S.C. § 2662.

#### 31. EXHIBITS

31.0. Three (3) exhibits are attached to and made a part of this Lease at Lease Inception as follows:

Exhibit A – Description of Premises

Exhibit B – Map of the Premises

Exhibit C – Physical Condition Report and Environmental Condition Report

Exhibit D - Reserved

Exhibit E -Reserved

Exhibit F - Reserved

Exhibit G - Reserved Notice of Hazardous Substances - See Exhibit C

IN WITNESS WHEREOF I have hereunto	o set my hand by authority of the Secretary of
the Air Force this day of, 2	00
	BY
	DEPT OF THE AIR FORCE
	DAVIS MONTHAN AFB
Ву	
	Tame:
	For the Inited States.
THIS LEASE is also executed by the Lessee this	day of, 20 .
	BY: CENTURY PARK PROPERTIES LLC
	By:
	Alan Levin
	Managing Member
	en e

IN WITNESS WHEREOF I have hereunto set my hand by authority of the Secretary of
the Air Force this 10 day of 100 day of 100 day
BY
DEPT OF THE AIR FORCE
DAVIS MONTHAN AFB
By  355th Wing Commander, Davis-Monthan Air Force Bas
Name: Title:
For the United States.
THIS LEASE is also executed by the Lessee this 6 day of Feb, 2006
BY: CENTURY BACK PROPERTIES LLC  By: Lon De-[SIG]

Alan Levin

Managing Member

#### LEGAL DESCRIPTION

All that portion of the east half of the west half of Section 17 and the northeast quarter of the northwest quarter of Section 20 of Township 15 South, Range 15 East, Gila and Salt River Meridian, Pima County, Arizona, being more particularly described as follows:

COMMENCING at the southwest corner of said Section 17:

THENCE along the south line of said Section 17, South 89°54'18" East a distance of 651.40 feet;

THENCE continuing along said south line South 89°53'31" East a distance of 669.14 feet to the southwest corner of said east half of the west half of Section 17; said point being the POINT OF BEGINNING;

THENCE North 00°02'23" East a distance of 600.02 feet;

THENCE North 89°47'46" East a distance of 176.26 feet;

THENCE North 17°43'26" East a distance of 2142.52 feet to a point on the north line of the southwest quarter of said Section 17;

THENCE North 17°41'35" East a distance of 916.78 feet;

THENCE North 17°41'46" East a distance of 470.75 feet;

THENCE North 17°41'35" East a distance of 47.04 feet to a point on the south right of way line of Valencia Road;

THENCE along said south right of way line South 57°35'26" East a distance of 72.08 feet to a point on the east line of said west half of Section 17;

THENCE along said east line South 00°03'49" East a distance of 430.18 feet;

THENCE South 17°53'04" West a distance of 3374.16 feet to the beginning of a tangent curve concave to the east having a radius of 1046.28 feet and a central angle of 68°35'43";

THENCE along the arc of said curve to the left a distance of 1252.62 feet to a point of tangency.

THENCE South 50%47'14" East a distance of 435.88 feet to a point on the northeast right of way line of the Union Pacific Rail Road;

1152.29 feet to a point on the west line of the northeast quarter of the northwest quarter THENCE along said northeast right of way line North 56°26'18" West a distance of of said Section 20;

THENCE along said west line North 00°01'33" West a distance of 440.89 feet to the POINT OF BEGINNING.

Said parcel contains 23.92 acres, more or less.

Prepared by

URBAN ENGINEERING, INC.

